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TAGS: [PHUM](#) [PREL](#) [KDEM](#)
SUBJECT: UN DEMOCRACY FUND PROJECT IN NICARAGUA

REF: A. STATE 85104
[1](#)B. USUN 696

Classified By: AMBASSADOR T. VANCE McMAHAN FOR REASONS 1.4 (B)(D)

SUMMARY

[1](#)1. (C) Ambassador McMahan delivered ref A demarche to UNDEF director Roland Rich on August 8, and UN Office of Partnerships (UNOP) head Amir Dossal and Indian DPR Ajai Malhotra on August 12. All agreed with US position that host countries should not have the power to veto proposed UNDEF projects and that objections raised by host countries should be handled by the UNDEF Advisory Board. They did express the need for the UNDEF Advisory Board to be aware of and address concerns raised by host countries. None of our interlocutors were sanguine about the prospects of the Nicaraguan project, Movimiento por Nicaragua (MpN), being able to go forward at this time. End summary.

MEETING WITH INDIAN DPR

[1](#)2. (C) Ambassador McMahan raised the concerns elaborated in ref A with Indian DPR Malhotra. Malhotra responded that the UNDEF Board needs to develop guidelines to handle host country objections and that the handling of the Nicaraguan situation, which was taken to level of the SYG, was not appropriate. Ambassador McMahan noted that giving host countries a say in whether projects go forward would undermine the very mission of UNDEF. Malhotra agreed that a host country objection should not constitute a veto of a project, but felt strongly that Advisory Board members should know if a proposed project is opposed by the host country. He did not feel strongly about the mechanism through which that information is obtained, but thought it should be part of the briefing materials for Board members. He agreed that the best manner to resolve complaints would be for the Board to assess the merits of any objection and make the determination rather than have the host country present its complaints to the Secretary-General, thus putting the SYG in the position of having to ultimately approve or disapprove projects in a member state. He viewed the MpN project as a dead issue since it had already been taken up to the level of the SYG.

MEETING WITH AMIR DOSSAL

[1](#)3. (C) In his meeting with Amir Dossal, head of the UN Office of Partnerships, which oversees the UN Democracy Fund secretariat, Amb. McMahan raised reftel points and stressed the need to resolve the problem with the Nicaraguan MpN project. Dossal agreed that host countries should not have veto power over projects and that concerns of host countries should be handled carefully to avoid "personalizing" the issue. He said he was working on procedures for the 3rd

round of UNDEF funding to mitigate issues occurring in the second round.

MEETING WITH ROLAND RICH

14. (C) Ambassador McMahan raised concerns with UNDEF director Roland Rich over the handling of the MpN issue and the perception that the Advisory Board was bypassed in making the final determination on whether a project moves ahead. Rich noted the technical and political problems with the MpN project and agreed that the onus of deciding on UNDEF projects should rest with the Board, not the SYG. For the Board to make the final decision, it needs to be made aware of, and then assess, objections made by a host country before a final decision is made. Ambassador McMahan suggested that any objections raised by a host country should be criterion-based, that is, they should relate to the merits of the project as assessed by the review team, not political or other arbitrary objections. On the specific case of MpN, Rich felt it would be impossible to revive the project without the UNDP agreeing to serve as the executing agency. He did not think this was likely given the GON's stance.

COMMENT

15. (C) We see no prospect of reinstating the MpN project. It is a worthy and time-sensitive project, aimed at increasing voter turnout in municipal elections this November, and MpN should follow UNDEF's advice and seek other funding without further delay. We should focus our efforts here on trying to

avoid a repetition of this incident in UNDEF's third round. The proposal described in ref B seems to offer a way forward.

It preserves the integrity of the project selection process and the principle of no host-government approval of projects.

By giving the Advisory Board the authority to handle the inevitable objections that some governments will make, it strengthens the Board's role in UNDEF governance. We ought to give it a try.

Khalilzad